

Health Benefit Exchange Overview Presentation
Nevada Division of Health Care Financing and Policy (DHCFP)
Carson City (main location), and video conference in Reno and Las Vegas
Wednesday, February 2, 2011, 8:30 – 10:00 AM
Notes from Meeting (*Final*)

Presentation:

- Health Benefit Exchanges are the centerpiece of the federal health care reform law.
- Initial funding from the federal government (\$1 million) is intended to help states plan and design the Exchange. Nevada received the funds in October 2010.
- Three overall goals for the Exchange:
 - o Expand health care access for Nevadans;
 - o Leverage resources in the public and private sector; and
 - o Minimize unintended disruption to existing health insurance markets.
- This is the first of several public meetings.
- The goal is to craft a structure for the Exchange that works for Nevada. Most people in the state and the country have health insurance, and they would like to keep it. Our goal is to facilitate an environment that allows people to maintain their insurance, while helping those who don't have insurance obtain coverage. We will also need to understand the potential impact of the Exchange on the commercial health insurance market, how CHIP and Medicaid may be affected, and a number of other issues.
- Purpose of the forums:
 - o Provide stakeholders with information on what the state is doing to set up an Exchange
 - o Solicit feedback from the community
 - o Allow state officials to better understand the concerns, questions and issues that are most important to Nevadans.
- Exchange Overview: The Exchange can be seen as Expedia.com for health insurance. The intent is to organize the commercial marketplace for individuals and small employers, enable consumers to compare plans and shop for/enroll in health insurance, and access subsidized health insurance programs (i.e., Nevada Check-Up, Medicaid, and subsidized coverage available through the Exchange).
- Exchange Structure: There needs to be single point of access (website/phone/walk-in center) where people can gain access to insurance, understand their coverage options, and and enroll in coverage.
- Health benefits offered through the Exchange will be tiered into four levels based on actuarial value. This is based on the amount of health care costs covered by the premium and the amount the average member will pay in point-of-service cost-sharing for services (e.g., deductibles, co-payments, co-insurance).

- The Exchange will provide premium subsidies and lower member cost-sharing for individuals and families with income up to 400% of the federal poverty level (FPL), or roughly \$43,560 for an individual.
- Primary responsibilities of the Exchange:
 - Determine eligibility for subsidized coverage programs;
 - Set up a customer service/call center unit;
 - Facilitate information on health coverage options for individuals and families;
 - Develop multiple channels for people to shop for insurance;
 - Set up a distribution method for Nevadans to access information on health plans;
 - Rate health plans based on cost and quality criteria; and,
 - Certify exemptions with regard to the individual mandate.
- Individual Shopping Experience: The Exchange should have these capabilities: plan options, cost calculators, plan selection, and plan enrollment. Effective 1/1/14, a person can no longer be denied insurance or charged a higher premium due to a previous medical condition or health status.
- Small Employer Options: Small employers typically offer their employee one insurance plan. Under the Exchange model, employees may be able to choose from a number of health plans, with consolidated billing for the employer (i.e., a single bill covering all employees in all plans/carriers).
- Key Decisions for Nevada:
 - **What are the goals of the Exchange?** What do you want it to be? How will it work in this state? How active will it be in the market? Will it promote certain plan designs or features (e.g., plans with medical homes or plans that use accountable care organizations)? What are the criteria?
 - **Who runs the Exchange?** Is it the responsibility of a current agency or do we need a new state agency? Should it be by a quasi-public authority or a non-profit agency?
 - **How will the Exchange interact with individuals and small businesses?** What are the roles of brokers and “navigators?” What is the role of carriers? How should customer service be set up?
 - **How will it operate alongside the existing marketplace?** What are the underwriting rules? How will Exchange rules compare to the non-Exchange markets?
 - **Should there be a single Exchange or should there be one Exchange for individuals and an Exchange for small groups?**
 - **How will the Exchange interact with Medicaid?** What benefits will Medicaid offer for those newly eligible for Medicaid (i.e., up to 133% FPL) and how will those benefits compare to the benefits of the plans offered through the Exchange? Will the same carriers that are available to Medicaid enrollees be available to people purchasing subsidized, commercial coverage through the Exchange?
- These questions – and plenty of others – will shape much of the discussion at the upcoming forums.

- Next steps:
 - o Continue these public forums
 - o Establish the governance and administration of the Exchange as soon as possible – this should be done during the 2011 legislative session
 - o Continue developing the roadmap and the strategic plan to actually develop the Exchange, which will be shared with the public and revised/updated as work progresses

Questions:

- **Rob Mazzone, Mazzone Associates, Reno**
Question: If a carrier is not interested in participating in the Exchange, can they continue to sell policies outside the Exchange?
Answer: Yes – the federal law envisions the sale of insurance inside and outside the Exchange.

- **John Latourrette , Latourrette Agency, Reno**
Question: Where does \$25 million come from?
Answer: This will be primarily federal funding to help the State (DWSS) design and develop an eligibility engine for all public medical assistance programs (i.e., Medicaid, Nevada Check-Up, and the Exchange). Although Nevada will have to contribute a relatively small amount of that money for the state's share of the Medicaid portion of the eligibility engine, the federal government will actually cover the majority of the costs. However, there will be other costs, above and beyond the amount needed to develop an eligibility system, to establish the Exchange. The federal government reports that it will fund 100% of the resources for planning and establishing the Exchange, as well as the first year's operations costs.

- **Mike Rodolico, Health Access Washoe County (HAWC), Reno**
Question: Is there information on how community health centers or FQHCs will be involved with the Exchange?
Answer: The federal law indicates that health clinics will need to be considered when the Exchange is reviewing health carriers' provider networks for populations that are hard to serve or who have difficulty accessing insurance. Also, some have suggested that FQHCs could offer coverage through the Exchange. FQHCs will likely play an important role in outreach and education.

- **Peter Gilbert, Employers Benefits, Reno**
Question: Is the Exchange broker-friendly and will there be any compensation to the agents?
Answer: This is up to Nevada to decide. However, the Exchange will likely need to provide assistance to consumers looking to purchase coverage. Entities in other states that have tried to omit brokers have not been successful. There are thousands of people who need to purchase coverage who have never done it before. These people will need help selecting from a range of options. Massachusetts, Connecticut, and Utah have all included brokers in their Exchange structures.

- **Barry Gold, AARP-Nevada, Las Vegas**
Question: What is the Governor's thinking regarding Exchange?
Answer: The law imposes many deadlines, and we cannot wait until the lawsuit is resolved. We have to plan as though the federal law will not change, which means planning for the Exchange. The Governor's budget addresses this reality. Nevada can decide to refrain from doing anything

and allow the federal government to set up the Exchange, but would you rather be in charge of the Exchange or have Washington be in charge of it?

- **Bob Bishop, KIA Insurance, Las Vegas**

Question: Regarding funding, has the money already been appropriated? Are we guaranteed money? If not, can congress unplug the money for the Exchange?

Answer: Congress can certainly cut off funding for the Exchange and other provisions of the health care reform law. The first round of funding was for the \$1 million for planning. Round two grants are for the establishment of the Exchange, which Nevada will certainly be applying for. Nevada will do this all on a step-by-step, funding-by-funding basis. We will not be spending money up front that we don't have.

- **Bobbette Bond, Nevada Health Care Policy Group, Las Vegas**

Concern: This whole process needs to be carried out carefully and be well thought out. A lot of the market is self-funded, and we have to keep this in mind.

- **Mike Murphy, Anthem-BCBS, Las Vegas**

Question: Where should issues for consideration be submitted? Can you talk about the process moving forward? Who will handle the questions?

Answer: Concerns should go to Gloria Macdonald (Gloria.macdonald@dncfp.nv.gov). The grant requires us to involve stakeholders in this process. A series of questions will be asked throughout these stakeholder meetings to get more detailed information and input from participants. Outreach and education is crucial to the Exchange. Answers will evolve over time, as the process is open-ended and it is expected that stakeholders will be heavily involved throughout the process.

- **Mike Winn, State Association of Underwriters, Las Vegas**

Question: Are you looking at areas with risk pools? The Massachusetts model struck down rate-increases. Carriers will change plans and exit the market quickly in Nevada.

Answer: We have to figure out how the Exchange will function across borders as time goes on. The Exchange in Massachusetts does not regulate rates. Restrictions on rate-increases are done by the Massachusetts Division of Insurance, which operates differently from Nevada's Division of Insurance. We will work towards setting up an Exchange that reflects the views and desires of the Nevada community.

- **Paula Morgan, Morgan Consulting Resources, Las Vegas**

Question: Who is involved in pre-planning?

Answer: State agency staff and administrators from a number of agencies, including the Insurance Commissioner and the Medicaid Director, are involved in the planning. A health reform work group is housed at the office of the Director of Nevada's Health and Human Services. In addition, collaboration is being done with other states, and research analysis is being performed. We are also working on the implementation of required elements, and getting feedback from stakeholders across Nevada. At this point, we are just trying to absorb as much information as possible to develop the questions that will be answered in the next steps.

Question: Can I get clarification with respect to the law? Who can be invited to participate in the Exchange (can commercial carriers be excluded)?

Answer: Exchange can exclude certain carriers, but we don't see that as a road Nevada will take. Policies have to be commercial insurance. Medicaid MCOs that offers plans can still do so. Churn could happen within the Exchange, and Nevada needs to determine how we will serve those

people. We will need to look at how we can best provide a continuum of coverage when a person's income changes and their eligibility changes.

- **George Ross, HCA and Las Vegas Chamber, Carson City**

Question: As far as legislation, what's the plan?

Answer: Initial legislation will allow us to plan the Exchange. We hope that we will be able to freely make decisions because so much is unknown right now. We don't want to have restrictive language in legislation right now.

Question: Could you structure the Exchange so that large businesses and even governments will be involved?

Answer: Yes – the law requires that small group be expanded to 100 subscribers by 2016. Large businesses and governments may be allowed to purchase coverage through the Exchange in 2017.

- **Bill Welch, Nevada Hospital Association, Carson City**

Question: Does the insurance company have the option not to operate in the Exchange?

Answer: Yes – federal law does not require insurers to participate.

Question: A lot of employees work for national companies, so how do self-funded plans/those funded outside the state, participate in the Exchange?

Answer: Nevada will set the rules by which insurance is offered through the Exchange. The law requires that coverage offered through the Exchange will be subject to the state's insurance rules and regulations. Self-funded plans cannot be offered through the Exchange. People covered through them will not be subject to the regulation of the Exchange.

- **Laura Tenney, Independent Agent, Carson City**

Question: Why can't you set up the Exchange just for those who are uninsured?

Answer: You can. However, the value of the Exchange is that it can serve as a single source that allows individuals and employers to compare plans offered by different carriers. When the Exchange is operational, people will still be able to purchase insurance directly through an agent or carrier. Massachusetts experience is that most people who aren't eligible for subsidized coverage have stayed with their plan and there has not been a huge change in the way people purchase insurance. In 2014, employers with over 50 employees who either offer coverage that is not affordable or don't offer it all, and have employees who get subsidized coverage through the Exchange, will be penalized at a rate of \$2,000/employee.

- **Chuck Murray, Agent, Carson City**

Question: If the Exchange determines that a person is qualified for a subsidy, can that person go to a private agent to purchase a plan?

Answer: No. The federal law dictates that subsidies will only be available through the Exchange.

- **Leanne Gassaway, AHIP, Carson City**

Question: Have you evaluated the Exchange legislation put forth by other groups, like the National Association of Insurance Commission (NAIC)?

Answer: Yes, and we will continue to do so as these proposals/templates come out. It is interesting that the NAIC's legislative proposal does not include a governance structure.

- **_____, Independent Agent, Carson City**

Question: Who is mainly responsible for educating the public on the current high risk pool plan (PCIP)? What can we do as brokers to educate people on the opportunity?

Answer: Nevada decided not to offer its own high-risk pool but rather to have the federal government set it up. We have talked about engaging both the brokers and the media more to encourage people to look more carefully at this option. Brokers can issue denial letters, but they are very leery of it. The Nevada Division of Insurance just drafted a press release on behalf of Marilyn Wills and the Commissioner to get the word out on the PCIP plan. They also wrote a letter to brokers to let them know they can issue declination documentation.

- **Larry Harrison, Independent Broker, Las Vegas**

Comment: If the 56 people in PCIP program were turned over to the brokers, there would be more people in the system.

Answer: Comment noted.

- **Dwight Mazzone, Independent Producer, Las Vegas**

Comment: Can we have a more serious discussion about the plans that will be in the Exchange in a future meeting? People are not accessing the PCIP plan because premiums are ridiculous and these are mostly poorer people. There are only a few Exchanges that are currently working across the country, and we shouldn't use them as examples. There isn't a real system out there that is really working.

Answer: Comments noted.

- **Larry Hurst, Anthem-BCBS and a Professor, Carson City**

Comment: There was an active purchase model versus facilitator-Exchange model study done with his university student. He would like to provide documentation of their results for us to use going forward.

Answer: We welcome the information.

Next Steps:

- This is an ongoing conversation
- Please send questions to us as they come up
- Everyone will be kept up-to-date
- Bigger venues will be chosen for future meetings